Section 9.2 Policy and Program Recommendations

1. The State of Kansas should provide \$2 million in annual funding to expand weatherization assistance to low-income households provided through the Kansas Weatherization Assistance Program (WAP).

Description

The average house in Kansas is over 40 years old, and homes of many low-income Kansans are much older. Most homes occupied by low-income families lack adequate insulation and have older, less efficient (and sometimes dangerous) mechanical systems. The weatherization assistance provided by the Kansas WAP not only helps these Kansas residents save money on their energy bills, it also benefits the residents' health and safety through improvement of indoor air quality, vent repairs for water heaters and furnaces, removal of unvented heaters, duct balancing to eliminate backdrafts, and repair of gas leaks.

Operated by the Kansas Housing Resources Corporation (KHRC), WAP provides housing improvements that increase energy efficiency in households with incomes up to 150% of the federal poverty level or 60% of the state median income, whichever is higher. The weatherization improvements are provided through local public or private not-for profit agencies, which apply for the grants from KHRC. Due to the high technical investment and expertise required to operate the grants, the local grants are generally continued from year to year.

Historically, weatherization has increased residential energy efficiency by up to 25%. In 2006, a total of 1,726 homes were weatherized and 453 dangerous furnaces were replaced. Of the households served by WAP, 506 had occupants who were elderly and 370 were occupied by persons with disabilities.²

Traditionally, WAP has been funded solely through federal funds (15% of the LIEAP funds transferred from SRS and annual allocations from the U.S. Department of Energy), the amount of which varies from year to year. In Fiscal Year 2007, the State of Kansas appropriated \$2 million in state general funds to supplement the program's funding (\$2,264.099 from U.S. DOE; \$2,501,399 from LIEAP). The additional State funding allowed WAP to increase the number of homes weatherized by about 30 percent.³

With predictable State funding, WAP would be able to weatherize more low-income Kansas households and improve program performance at the local level. In addition,

¹ According to a recent study conducted for LIEAP (On the Brink: 2006: The Home Energy Affordability Gap, April 2007), nearly 43,000 Kansas households spend 44.7% of their income on home energy bills and another 27,564 households spend 18.0% of their income on energy bills.

² Al Dorsey, Kansas Housing Resources Corporation, personal communication, October 2007.

³ Al Dorsey, Kansas Housing Resources Corporation, personal communication, December 2007.

State funding would allow WAP to consider some changes to increase efficiency in weatherized homes.

Recommended Actions

a. Responsible parties

Kansas Housing Resources Corporation (KHRC) will continue to oversee WAP and should endeavor to coordinate weatherization activities with local utility-sponsored energy conservation programs.

b. Legislative action

Appropriate \$2 million from State General Funds to provide annual funding for WAP, as described above.

c. Budget requirements

\$2 million a year from State General Funds.

d. Implementation timeline

Funding would be made available upon effective date of enabling legislation.

Implications of Proposal

a. Pros

- i. Promotes energy conservation in Kansas residences.
- ii. Assists low-income Kansans in the adoption of energy conservation and efficiency measures.
- iii. Improves the comfort and safety of homes occupied by low-income Kansans, many of whom are elderly or disabled.
- iv. Reduces utility bills for more low-income Kansans, enabling families to use available resources more efficiently.
- v. Improves affordable housing stock by making energy-efficiency modifications.
- v. Allows WAP to improve program performance at the local level.
- vi. Allows WAP to expand services offered.
- vii. Allows WAP to better coordinate with existing utility-sponsored programs.

b. Cons

i. Costs the State \$2 million a year.

[Section 9.2 Policy and Program Recommendations, continued]

2. The Kansas Housing Resources Corporation (KHRC) should expand existing lowinterest energy efficiency loan program (KEEP) to facilitate adoption of energy conservation improvements by all Kansas homeowners.

Description

To improve the energy efficiency of the State's residential structures and increase energy conservation statewide, KHRC should redesign the current low-interest Kansas Energy Efficiency Program (KEEP) to remove income limits to make a portion of the loan program available to all Kansans.

In November 2006, KHRC launched KEEP with a one-time \$2 million State appropriation. The program provides low-interest loans to qualified Kansas homeowners to make improvements to increase energy efficiency. Currently, the program is limited to individuals with incomes at or below 120 percent of the median income for their area, and KHRC provides state funds for half of the loaned amount, up to a maximum of \$7,500. As of November 2007, 25 loans had been made, totaling \$89,000 in state funds. Sunflower Bank is the only Kansas bank participating in the loan program.

By revising the program to eliminate income eligibility requirements, KHRC will enable all Kansans to participate in the loan program and better meet the objective of promoting energy conservation statewide. This change is also consistent with the successful Nebraska "5% Dollar and Energy Saving Loans" program.⁵

To promote the redesigned loan program, KHRC would partner with the Energy Programs Division at the KCC. KHRC should also partner with the Kansas Bankers Association (KBA) to encourage more lenders to participate in the low-interest loan program.

⁴ Kansas Housing Resources Corporation, 2007, Description of KEEP: http://www.kshousingcorp.org/programs/KEEP.shtml (accessed September 2007).

⁵ The Nebraska Energy Office has operated a highly successful revolving loan program, the 5% Dollar and Energy Saving Loan Program, since 1990, funding \$192 million of energy conservation and efficiency projects statewide. They have roughly 260 lending institutions participating in the program. To date, only \$80,000 has been written off as uncollectible.

Recommended Actions

a. Responsible parties

Kansas Housing Resources Corporation (KHRC) staff will continue to oversee the program; KCC Energy Programs Division will assist in program promotion.

b. Legislative action

None required.

c. Budget requirements

None required for 2008.

d. Implementation timeline

KHRC would begin implementation of recommended changes to KEEP no later than January 2008 and provide the KEC with a program review by July 1, 2008.

Implications of Proposal

a. Pros

- i. Promotes energy conservation in Kansas residences.
- ii. Assists all Kansan homeowners in the adoption of cost-effective energy conservation and efficiency measures.
- iii. Improves the comfort and safety of Kansas homes.
- iv. Reduces utility bills for Kansas homeowners.
- v. Promotes reduced energy consumption in Kansas households.
- vi. Allows WAP to expand services offered.

b. Cons

i. Requires a time commitment from KHRC staff to implement proposed changes.

[Section 9.2 Policy and Program Recommendations, continued]

3. The KCC's Energy Programs Division should develop a program to promote adoption of model energy efficiency codes by local units of government.

Note: This recommendation is also listed in Section 9.3.

Description

In June and July 2007, KEC staff surveyed the 25 Kansas cities of the first class for information on their local energy efficiency (EE) codes. The survey suggests that interest in EE codes is on the rise at the local level and could benefit from state-level support and education.

Building on the recommendation in the *Kansas Energy Plan 2007*—to encourage local units of government to adopt minimum EE standards for new construction—the KCC Energy Programs Division should work with an advisory group to develop an effective program to promote adoption at the local level of model EE codes for new construction in the residential, commercial, and industrial sectors. The advisory group will include homebuilders, the Kansas League of Municipalities, and representatives of local government, especially city managers and local building code officials.

An essential component of this new program would be the selection of an appropriate existing EE code to be promoted as the model for new construction in the residential, commercial, and industrial sectors. The code should be at least as stringent as IECC 2006, which was adopted by the Legislature as the statewide standard for commercial and industrial structures (see discussion of K.S.A. 66-1228 under existing policies and programs). Possible other components of the program might involve training building code officials on energy efficiency code enforcement and dissemination of the latest information on national energy efficiency building codes to city managers and building code officials.

With input from the advisory group, the KCC Energy Programs Division should identify the primary components of the new program by April 1, 2008, in order to include in their annual funding request to the Department of Energy, State Energy Program (SEP). The program would be ready for implementation by July 1, 2008.

⁶ The KEC staff summary of the survey results is available on the Reports page of the KEC web site: http://www.kec.kansas.gov/reports.htm.

Recommended Actions

a. Responsible parties

KCC Energy Programs Division.

b. Legislative action

None required.

c. Budget requirements

No additional funding required for FY2008.

d. Implementation timeline

The program would be ready for implementation on or before July 1, 2008.

Implications of Proposal

a. Pros

- i. Promotes energy efficiency in newly constructed Kansas buildings.
- ii. Assists local officials and building managers who may lack the resources to develop EE codes on their own.
- iii. Reduces energy consumption in Kansas structures.
- iv. Reduces utility bills for Kansas consumers.
- v. Provides information and education on energy conservation and efficiency.
- vi. Fosters more communication between state and local government.

b. Cons

i. Requires a time commitment from KCC Energy Programs Division staff to implement new program.